R J Reynolds
Tobacco Company

Robert A. Ridge
Division Sales Manager

7 Colonial Drive
Auburn, NH 03032
603-483-0952
603-483-0983 (FAX)
800-757-8255 EX: 69125# (Voice Mail)

June 12, 1997

To: Bill Roth

Subject: **NASHUA DIVISION 1997 ACTION PLAN**

Dear Bill:

The purpose of this document is to detail my action plan pertaining to key issues within the Nashua Division which require a consistent focus by all members of the division.

All issues come under the umbrellas of the 3 Ps, Sales Representatives becoming proficient Category Advisors with the implementation being executed crisply and flawlessly by all Retail Reps.

SHARE OF MARKET

AIM data will be reviewed with all sales representatives monthly to insure a top of mind awareness is exhibited by all.

Expectation from all Sales Representatives include:

Knowledge of why our share of market, share of category is trending upward, is flat or trending downward, not only with a snap shot of the overall assignment, but on a store by store basis.

Knowledge of competitive activity. Are there share increases or decreases and knowing why.

Prudent business building plans developed quarterly for all stores within all assignments. This is in addition to the quarterly PGD spending plans. We know the amount of financial resources we will invest on a store by store basis. Directing these funds to grow the retailer's profitability and our share and volume is the challenge for my people. Knowing what the key drivers are in each store are and taking appropriate action. Are we bundling all of our resources to drive growth and profits?

The division and each assignment will achieve / overachieve the following:

+.6 SOM growth for Camel (excluding non filter)
+1.73 SOC growth for Doral
Increase overall RJR full price SOM & SOC

Sales Reps will consistently utilize NEEDS SELLING and the discovery process to capitalize upon opportunities to grow the retailer's and RJR's business. All calls will be made with a purpose, not for the sake of achieving coverage, frequency or improving CPD averages.

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Source: https://www.industrydocuments.ucsf.edu/docs/yrhn0000

SHARE OF MARKET (continued)

My work-withs will be based on a sense of purpose and priority. Examples are: Category Advisor development todate, are calls being made with a sense of purpose...and what is the purpose, are Needs Selling skills and Systematic Call Procedures consistently utilized, proficient knowledge of each account and the market place...

Periodic work-withs, A/As and T/As will also be conducted with Retail Reps to insure not only crisp execution of work plans, but to insure this department is elevated to the next level. Confusion, misunderstandings and proper communications of obstacles and successes are imperative for our success. Can we take the initiative versus waiting for chain communication for authorization? If the chain has a problem with availability, are we communicating to the proper individuals?

Proper pricing is essential. Retailers do not take margins to the bank. A key priority is to insure all price tiers are properly priced to maximize full price growth and hence, maximum profits. This will be a top of mind awareness and profitability presentations made where necessary. Sales Reps will also utilize Penny Profit consistently as part of their business building plans.

PRESENCE

PACKAGE OUTLETS

By assignment and cumulative for the division, we will increase current contracted CIV in package stores. Our objective is to obtain Level II or Level III contracts in 68+% of all of our contracted package outlets with 100+ CPW volume. 100% Accrual match is the division standard.

It is essential for our short and long term growth, we have 3 footprints in stores.

With "NO BULL" Winston being introduced, this is an opportune time to obtain a second FPD in accounts where we only have 1 FPD.

Position of our displays in each retail account will be a top priority of all Retail and Sales Reps. Our contract requirements for in-store positioning will not be compromised by our competitors. Again, the bundling approach will be consistently utilized.

Knowledge of competitive contracts and payments is being determined through the discovery process on a store by store basis. The Sales Reps will consistently document this data in the "NOTES" section of the F2 function of their laptops.

Proper reporting and signing of contracts is essential. In accounts where we have the vehicles for our Level II or Level III contract, we will be legitimate and not attempt to save RJR Moines by signing a lower level contract.

All accounts which are PM Exclusives and or RJR lockouts will be visited and profitability presentations will be made with the bundling approach after it is determined the proper discovery steps have been made by the Sales Reps.

All assignments will improve contracted CIV. However, special emphasis will be given to three assignments.

We will continually analyze our status and take appropriate action working from the top down in respect to opportunity and benefits.

Proper reporting of and determination of accurate volume will be on-going.

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Source: https://www.industrydocuments.ucsf.edu/docs/yrhn0000

PRESENCE (continued)

PACKAGE OUTLETS (continued)

All frequency changes will have to be approved by the DM and or RM to insure our company guidelines are consistently followed per manpower deployment. There will be no dual coverage in accounts selling 75 - 99 cartons per week.

POS and PDI dominance in all accounts is the division standard. Retail condition will be analyzed regularly in all Retail Rep and Sales Rep assignments. All personnel will be expected to order and maintain necessary supplies. Any problems incurred with receiving needed items will be communicated to the DM and RM. All PDI allocated items will be ordered and placed at retail by July 31, 1997.

In chain stores and all low in store controlled accounts, proper compliance reporting and procedures will be taken very seriously. It is the responsibility of all division personnel to properly address display and advertising issues and inform division / chain management when these situations cannot be resolved. A retailer signed plan-o-gram for both the brand load by display and location of of all displays in the store is the responsibility of the Sales Reps. Brand specific plan-o-grams will be attached to the back of all our displays to insure the retailers keep our displays filled.

CARTON OUTLETS

We will maintain our current contracted CIV in carton outlets.

In-store opportunities with advertising and temporary displays will be a critical element of the quarterly business building plans developed by the Sales Reps and implemented by the Retail Reps. Creative use of Accrual funds is the standard, not just discounting product

Price tier zoning of cartons and packs is the division standard for all accounts.

Manpower deployment will be determined by need.

Our fixtures and space in all accounts will be properly plan-o-grammed proportionate to sales / workplan objectives and tagged.

CIGARETTE TOBACCO STORES

We will consistently analyze sales by category. The threshold for the "bottom feeding" brands has been established as 7% for NH outlets and 12% for VT outlets. Volume shifts will be addressed immediately. No favoritism will be tolerated per our Partners contracts or the High Savings contracts.

We will be knowledgeable of competitive programs through our discovery process and develop quarterly business building plans based partly on this activity. Floorbase and mass displays will be an key part of all quarterly business building plans.

We will develop in true Category Advisors in all accounts. We will therefore be successful in off setting Direct Accounts which continue to drive competitive "bottom feeding" brands in the marketplace.

Zone tier by category is the division standard.

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Source: https://www.industrydocuments.ucsf.edu/docs/yrhn0000

PRESENCE (continued)

CIGARETTE TOBACCO STORES (continued)

No store will receive our maximum full priced discounting unless they participate in the Retailer Match portion of our Accrual program. 100% of CTS locations will be signed to the Accrual Match portion of the Accrual contract.

The "match" portion of Accrual will consistently be utilized for a true point of difference.

We will leverage the Winston Cup / NASCAR Program for our true Partners which will be beneficial in establishing true price tier zoning to maximize our Level II Enhanced contract.

Sell Against High Savings!

Our current contracted CIV will be maintained in all accounts determined not to be a High Savings account.

High impact PDI and POS placement locations will be locked in via our contracts. Non compliance will be addressed immediately with the retailer being responsible to eliminate competitive activities which violate our contract requirements.

PRODUCT AVAILABILITY

Emphasis is to gain and maintain 95% product availability of key national and regional specific in retail accounts selling 75 + CPW.

Proper and honest reporting of availability is the division standard.

Frequent analysis of each assignment will be made. DM will monitor Sales Rep activity and the RM will monitor Retail Rep activity. This will be accomplished through SIS and retail observations.

Problems achieving availability and maintaining at retail, wholesale (inclusive of clubs) will be communicated with appropriate personnel to correct this obstacle.

Stock levels will be properly established at retail and wholesale which are proportionate to sales via proper order book procedures.

Problem accounts will be over-called upon until the problem(s) are corrected.

All displays will be proportionately loaded, properly plan-o-grammed and tagged.

Via our contracts, the retailer will be responsible for keeping all displays properly loaded and filled.

Product availability will be top of mind awareness with special emphasis given to Doral, Winston and Camel especially BOX styles.

Retail Manager will address all low in-store controlled chain accounts and communicate with appropriate KAM / AM to insure availability situations are handled immediately. This is inclusive of accounts for which we have not received authorization.

Local Performance programs will be developed with input from all Retail Reps and Sales Reps to develop prudent action plans and positively reward results.

Temporary displays are to be sold (pack and carton) to build presence and overall distribution and availability.

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PROMOTION & PRICING

Expectations for Sales Reps is to develop specific quarterly business building plans for each account in their assignment. This includes but is not all inclusive of the Quarterly PGD Summary Sheets.

All PGD moneys, Accrual Match moneys and workplan promotions are to be invested with the sense of purpose of maximizing retail profitability and to grow RJR's profitability and share.

All resources will be bundled to insure the 3 Ps are maximized.

100% VAP is the division standard by assignment for all accounts which purchase from non-clubs.

Retail Reps will receive quarterly business plans from division sales representatives which are specific and fully understood.

Open communications per successes and issues is policy for all division personnel.

Retail Reps are accountable for effective pricing in all accounts which is to be superior to our competitors.

Guidelines and company policies will be consistently implemented. We will be prudent and use sound business judgment when reacting to competitive changes.

Quarterly workplan meetings will be conducted to insure complete synergy within the division between all personnel.

DIVISION RESOURCES

Each Retail Rep and Sales Rep are responsible for achieving 100% coverage and frequency during each reporting period.

Call per day standards have been established for each representative. Each person is accountable to work to improve overall productivity. This can be accomplished through proper planning, achieving the objective for each call made, and making each call for a purpose.

Every division member is responsible for seeking alternative solutions in getting the job accomplished. This is inclusive of division management.

We will leverage all SME resources. No account will be considered for receiving race tickets, the showcar or simulator unless they are a true partner. This includes participating in the Accrual Retailer Match.

The Nashua Division will not be diverted from our everyday focus and priorities due to the Bike Rally or the Winston Cup races. We did not "crew work" these events during 1996. We seek to improve upon this concept during 1997. Our objective is to insure 90% + of all SME promotions are implemented by the retailers and the direct accounts.

It is the responsibility of all representatives to insure SIS information is accurate and maintained inclusive of CPW volume and frequencies.

All expenses incurred by division personnel are to be minimized to reduce expenditures where possible. Proper planning will eliminate the need to fax prebooks versus utilizing less expensive methods. Storage facilities have been identified and eliminated where possible.

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Bill, please advise if you have any questions. I look forward to reporting extremely positive results and creative accomplishments from all Retail Reps, Sales Reps and Managers within the division.

Sincerely,

Robert

rothactionpl

51855 4178

Source: https://www.industrydocuments.ucsf.edu/docs/yrhn0000

Schedule Dm Meeting Late Sept.

- SR Action Plans

- C/O Analysis From Frag / Action.

51855 4179

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